

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

International Bancshares Corporation

Point of Contact:	Julie Tarvin	RSSD: (For Bank Holding Companies)	1104231
UST Sequence Number:	136	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	216,000,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 23, 2008	City:	Laredo
Date Repaid ¹ :	N/A	State:	Texas

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The CPP funds enhanced the Company's ability to make new loans and renew loans.

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X To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

The Company was able to increase or sustain RE Commercial lending, purchase money second mortgage lending, consumer and small business lending and purchase money first mortgage lending.

X Increase securities purchased (ABS, MBS, etc.).

The Company's subsidiary banks have continued to purchase MBS to provide support to the mortgage industry. The banks have also purchased municipal securities to support economic growth in the related communities.

X Make other investments.

The Company invested in projects that support the economic growth of certain communities it serves.

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☐ Increase reserves for non-performing assets.

☒ Reduce borrowings.

As cash flow was received through paydown of investments , management de-leveraged the Company by reducing borrowings.

☐ Increase charge-offs.

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☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

The reduction in borrowings increased the capital cushion of the Company. The capital cushion facilitates the ability of the Company to manage risks associated with the uncertain economic environment as well as unanticipated losses that may occur.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

None

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The Company has been able to orderly manage classified assets.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

None